

**PREPARED STATEMENT OF JAC NASSER  
FORD MOTOR COMPANY  
BEFORE THE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION  
UNITED STATES SENATE**

**HEARING ON FIRESTONE TIRE RECALL ACTION**

**September 12, 2000**

Good morning, Chairman McCain and Members of the Committee. I am Jac Nasser, President and CEO of Ford Motor Company. I appreciate the opportunity to be here today to discuss Firestone's tire recall. At Ford, we are very concerned that there are defective tires on some of our vehicles and we will not rest until every bad tire is replaced. I am here today because I know that you and the public have questions about the tire recall, and I want to make sure your questions are answered.

I have been with Ford Motor Company for more than 30 years. I am proud of the great contributions Ford Motor Company has made to improve the standard of living of millions of people around the world. We are deeply committed to our customers, and clearly their safety is uppermost on our minds.

As you know, Firestone manufactured and warranted the recalled tires. However, because so many of these tires were used as original equipment on Ford products, we have taken extraordinary steps to support this recall and ensure the safety of our customers. We are working relentlessly to find and replace bad tires with good tires. That includes making sure that we understand the scope of the problem and finding the root cause. And we continue to be open about any data, statistics or information that we

have—and will share any new information as soon as we get it. Ford Motor Company is absolutely committed to doing the right thing to protect our customers and to maintain their trust.

### *Why This is the Right Action*

We believe Firestone's recall is the right action. First, we strongly support Firestone's decision to recall 15" ATX and Decatur-built Wilderness AT tires. Based on the Firestone data we have analyzed, we've determined that these tires are the problem tires. Charts summarizing our detailed analysis of the Firestone data are included in Attachments 1 through 9.

We felt so strongly that this was the right action that we agreed to share the cost of the recall with Firestone--as an incentive for them to do the recall immediately and to allow our dealers to use makes other than Firestone as replacement tires.

What we still don't know is why these tires fail. We are working hard on that.

### *Tire Issue*

This is a tire issue, not a vehicle issue. We have millions of Goodyear tires on 1995 through 1997 Explorers—the same specification tire operating under the same conditions, including 26 psi—and they haven't experienced these problems. Furthermore, non-Decatur made 15" Wilderness tires operate at 26 psi and have not demonstrated tread separation problems.

Ford products—particularly the Explorer—have been highlighted in this recall because most of the recalled tires were used as original equipment solely on Ford products. The Explorer was introduced to the public in 1990 with Firestone ATX tires, which stayed in production until mid 1996, when the new Wilderness tire was introduced. During the 1996-1998 model years about 500,000 Explorers were produced with Goodyear tires. The 15" ATX and Wilderness tires were also installed as original equipment on Ford Ranger and F-150. No other vehicle manufacturer used this type of ATX or Wilderness tire as original equipment.

I would like to emphasize that there is nothing unique about the Explorer that is related to tread separations. The documents we provided to NHTSA conclusively show that prior to going into production, the Explorer met exceedingly stringent performance and safety standards.

The Explorer has had an exemplary safety record over the last decade. The most recent data from the Department of Transportation show that the Explorer has a lower fatality rate than both the average passenger car and competitive SUV, as shown in Attachment 10. Additionally, Explorer's fatality rate in rollover accidents is 26 percent lower than other compact SUVs (Attachment 11).

### *Actions We Have Taken*

Now, let's talk about the actions Ford has taken to support the recall and why we believe these are the right actions.

I want to emphasize that Ford did not know there was a defect with the tires until we received the confidential claims data from Firestone in July of this year. It has been standard practice in the automotive industry that tires are the only part of the vehicle not warranted by the vehicle manufacturer. Because tires are separately warranted, they are the only part for which vehicle manufacturers do not receive field performance data.

Looking back, the first signs of trouble came in Saudi Arabia. When reports of tread separation first came to our attention, we asked Firestone to investigate. This included shipping problem tires back to the U.S. for evaluation as well as rigorous high speed testing. They concluded that the tire failures were due to external causes, such as poor repairs, road hazard damage, and extreme operating conditions. But, given the problems our customers were having, we decided to replace the tires with a more puncture resistant tire.

Another market where we experienced tire problems is Venezuela. The situation in Venezuela is complicated by the fact that about three-quarters of the tires were locally produced. Again, Firestone concluded that the tread separations were caused by poor repairs, road hazard damage, and extreme operating conditions. In May of this year, we began replacing all the Firestone tires on Ford Explorers and certain light trucks in Venezuela. As the old tires were returned to us, we examined them and found that 15% of the Venezuelan-made tires had evidence of tread separation.

Concern about the safety of all of our customers, including our U.S. customers, drove us to look aggressively for evidence of a defect in the U.S. at the same time we were

taking actions overseas. As early as April of 1999, we were searching all available databases—our own and the government's. We asked Firestone to check its records. And we had new tires tested under three separate, severe test conditions to try to cause tread separation to happen. Last Fall, we kicked off a tire inspection test program in Texas, Arizona and Nevada. No defect trend was found.

Because there have been a number of questions regarding our investigation of data on tread separations, I would like to explain the data available to Ford and our review of these data. We receive data which track quality issues from owners, dealers and our warranty claims. These data are monitored regularly. We also watch property damage claims, personal injury claims, and lawsuits filed against Ford. In conjunction with our investigation of overseas issues, we reviewed all of these data sources and found no trend of tread separation issues on Firestone tires in the U.S.

We also looked at two government databases. NHTSA's Vehicle Owner Questionnaire (VOQ) reports track consumer complaints filed with NHTSA. Also, the Department of Transportation maintains data on vehicle fatalities (FARS). Again, neither of these government sources revealed an obvious defect trend.

It is important to clarify that there are several types of performance data maintained by tire manufacturers that are not regularly available to auto companies. First, tire manufacturers keep adjustment data, similar to what we call warranty data in the auto industry. Adjustments may cover issues ranging from manufacturing defects to abnormal wear or tire appearance issues. Tire makers also keep claims data, which

represent customer requests for payment resulting from property damage or personal injury. Finally, tire companies also keep track of lawsuits filed against them claiming injury related to tire defects. None of these data sources are available to automakers on a regular basis.

Because the tires are warranted by Firestone, much of the quality and performance data is included in Firestone's internal databases, but not Ford's. Additionally, property damage, personal injury and legal claims would most often be filed with the tire maker, not the auto manufacturer. For example, while there were over 2,700 claims included in Firestone's data, a review of Ford's records show that as of May 10, 2000, approximately 50 claims had been filed with Ford.

When NHTSA opened their investigation, and required Firestone to assemble and provide data on property damage, personal injury, and lawsuits, Ford insisted on obtaining that data as well. When we received the data late in July, we quickly analyzed it and identified the problem tires that were recalled August 9.

### *Customer Focus*

As I said, our top priority is to replace faulty tires as fast as possible. As of September 7, about 1.8 million tires have been replaced—about 28 percent of the total population of affected tires. We worked with the tire industry to increase production of 15-inch tires which will increase supply by more than 250,000 tires per month by the end of September. We suspended production at three assembly plants for two weeks beginning at the end of August, adding approximately 70,000 tires to the replacement

population. On Friday of last week, I extended the suspension for another week. We have engaged over 3,200 Ford and Lincoln-Mercury dealers to perform tire replacements.

We've also made a major effort to communicate information about the Firestone recall to our customers. For example, we have opened an additional call center to deal specifically with inquiries on the tire recall. We are using our website to provide detailed information on the recall action. And we are running national and local newspaper and television ads to alert customers to the recall and show them how to tell if their vehicles are affected.

Our support of this recall extends to our full cooperation with NHTSA. We have provided extensive disclosure to NHTSA in regards to this action. Our policy is to be as open as possible, sharing what we know, when we know it.

### Conclusion

Last week I made a commitment to work with the industry to implement an “early warning system” to detect the first signs of tire defects on vehicles already on the road. This system must utilize comprehensive real world data that—we now know—is so critical to spotting defect patterns. I also committed that Ford will advise U.S. safety authorities of safety actions taken in overseas markets and vice-versa.

This has been a difficult situation. Our first priority is to replace bad tires with good tires as quickly as possible. The safety, trust and peace of mind of our consumers are paramount to Ford Motor Company.



**Testimony of Ford Motor Company**  
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